MOSSEL BAY MUNICIPALITY

DRAFT EXPENDITURE POLICY

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1. ABBREVIATIONS

CFO	– Chief Financial Officer
CM	– Council Minute/'s
IDP	– Integrated Development Plan
MBRR	– Municipal Budget Reporting Regulations
MFMA	– Municipal Finance Management Act, Act No. 56 of 2003
MSA	– Municipal Systems Act, Act No.32 of 2000
MSTA	– Municipal Structures Act
MTREF	– Medium term revenue and expenditure framework
SDBIP	– Service delivery and budget implementation plan

2. DEFINITIONS

"Accounting Officer" means a person appointed in terms of section 82(l) (a) or (b) of the Municipal Structures Act; and also refers to the municipal manager of a municipality in terms of section 60 of the MFMA;

"Allocation" means

a) a municipality's share of the local government's equitable share referred to in section 214(l) (a) of the Constitution;
b) an allocation of money to the municipality in terms of section 214(1) (c) of the Constitution;
c) an allocation of money to the municipality in terms of a provincial budget; or
d) any other allocation of money to the municipality by an organ of state, including by another municipality, otherwise than in compliance with a commercial or other business transaction;

"Annual Division of Revenue Act" means the Act of Parliament, which must be enacted annually in terms of section 214 (1) of the Constitution;

"Approved budget" means the annual budget approved by a municipal council; and includes such an annual budget as revised by an adjustments budget in terms of section 28 of the MFMA;

"Assets" means resources controlled by the Municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the Municipality.

"Basic Municipal Service" means a municipal service that is necessary to ensure an acceptable and reasonable quality of life and which, if not provided, would endanger public health or safety or the environment;

"Budget-related Policy" means a policy of the municipality affecting or affected by the annual budget of the municipality and includes all policies as prescribed in terms of the Municipal Budget and Reporting Regulations as published under GN 393 in GG 32141 dated 17 April 2009;

"Capital Budget" means the approved budget for capital items in a given fiscal period.

"**Capital items**" means capital assets with a life expectancy of more than one financial year such as property, plant and equipment, intangible assets, heritage assets and investment properties and of which the cost is normally written off over a number of fiscal periods;

"Chief Financial Officer" means a person designated in terms of section 80(2) (a) of the MFMA;

''Council'' means the municipal council of Mossel Bay Municipality referred to in section 18 of the Municipal Structures Act;

"Councillor" means a member of council;

"Creditor" means a person to whom money is owed by the municipality;

"Current year" means the financial year, which has already commenced, but not yet ended;

"Delegation" means the power to perform a function or duty which is given to office bearer, councillor or staff members either in terms of section 59 of the MSA or section 79 of the MFMA;

"Generally recognised accounting practice" means an accounting practice complying with standards applicable to municipalities or municipal entities as determined by the Accounting Standards Board;

"Financial recovery plan" means a plan prepared in terms of section 141 of the MFMA;

"Financial statements" means statements consisting of at least –

a) Statement of financial position;
b) Statement of financial performance;
c) Cash-flow statement;
d) Any other statements that may be prescribed; and
e) Any notes to these statements;

"Financial year" means a ~~twelve month~~twelve-month period commencing on 1st July and ending on 30th June each year;

"Financing agreement" includes any loan agreement, lease, and instalment purchase contract or hire purchase agreement in terms whereof the municipality undertakes to repay a long-term debt over a period of time;

"Fruitless and wasteful expenditure" means expenditure that was made in vain and would have been avoided had reasonable care been exercised;

"Irregular expenditure" means –

a) Expenditure incurred by the municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the MFMA, and which has not been condoned in terms of section 170 of the MFMA;

b) Expenditure incurred by the municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;

c) Expenditure incurred by the municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or

d) expenditure incurred by the municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by the municipality which falls within the definition of "unauthorised expenditure";

"Investment" in relation to funds of the municipality, means –

a) the placing or deposit of funds of the municipality with a financial institution; or
b) the acquisition of assets with funds of the municipality not immediately required, with the primary aim of preserving those funds;

"Lender" means a person who provides debt finance to the municipality;

"Local community" means the meaning assigned to it in section 1 of the MSA;

"Municipal Structures Act" means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

"Municipal Systems Act" means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

"Long-term debt" means debt repayable over a period exceeding one year;

"Executive Mayor" means the councillor elected as the executive mayor of the municipality in terms of section 55 of the MSTA;

"**Municipal council"** means the council of the municipality referred to in section 18 of the Municipal Structures Act;

"Municipal debt instrument" means any note, bond, debenture or other evidence of indebtedness issued by the municipality, including dematerialised or electronic evidence ~~of indebtedness~~of indebtedness intended to be used in trade;

"Municipal entity" has the meaning assigned to it in section 1 of the MSA;

"Municipality" means the Mossel Bay Municipality;

"Municipal service" has the meaning assigned to it in section 1 of the MSA;

"Municipal tariff" means a tariff for services which the municipality may set for the provision of a service to the local community, and includes a surcharge on such tariff;

"Municipal tax" means property rates or other taxes, levies or duties that the municipality may impose;

"National Treasury" means the National Treasury established by section 5 of the Public Finance Management Act;

"Official" means –

- An employee of the municipality or municipal entity;
- A person seconded to the municipality or municipal entity to work as a member of the staff of the municipality or municipal entity; or
- A person contracted by the municipality or municipal entity to work as a member of the staff of the municipality or municipal entity otherwise than as an employee;

"Overspending" means -

(a) causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;

(b) in relation to a vote, causing expenditure under the vote to exceed the amount appropriated for that vote; or

(c) in relation to expenditure under section 26 of the MFMA, causing expenditure under that section to exceed the limits allowed in subsection (5) of this section;

"Previous financial year" means the financial year preceding the current year;

"Quarter" means any of the following periods in a financial year –

a) 1 July to 30 September refer to as the 1st quarter;

b) 1 October to 31 December refer to as the 2nd quarter;

c) 1 January to 31 March refer to as the 3rd quarter; or

d) 1 April to 30 June refer to as the 4th quarter;

"Senior Manager" means all officials reporting directly to the Accounting Officer as contemplated in sect 56 of the MSA;

"Service delivery and budget implementation plan" means a detailed plan approved by the executive mayor of the municipality, in terms of section 53(l) (c) (ii) of the MFMA, for implementing the municipality's delivery of municipal services;

"Short-term debt" means debt repayable over a period not exceeding one year;

"Unauthorised expenditure" means any expenditure incurred by a municipality otherwise than in accordance with sections 15 or 11(3) of the MFMA, and includes –

a) Overspending of the total amount appropriated in the municipality's approved budget;

b) Overspending of the total amount appropriated for a vote in the approved budget;

c) Expenditure from a vote unrelated to the department or functional area covered by the vote;

d) Expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;

E) Spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or

f) A grant by the municipality otherwise than in accordance with the MFMA;

''Vote'' means one of the main segments into which a budget of a municipality is divided for the appropriation of funds for the different directorates of the municipality; and which specifies the total amount that is appropriated for the purposes of the directorate concerned and includes:

- Municipal Manager;
- Corporate services;
- Financial services;
- Technical services;
- Community services; and
- Planning & Integrated services;

''Vote holder'' means the senior manager to which the vote is assigned.

3. INTRODUCTION

The Municipal Finance Management Act, (Act 56 of 2003) read together with the Municipal Budget and Reporting Regulations, provides the legislative framework within which any expenditure related transactions must take place.

Section 11 of the Municipal Finance Management Act, (Act 56 of 2003) specifically provides the legislative framework for any withdrawals from any bank account in the name of Mossel Bay Municipality.

The budget plays a critical role in an attempt to realise the diverse community needs. Central to this, the formulation of this expenditure policy must ensure that the objectives of the MFMA as set out in section 2, is incorporated in the day to day administration of the municipality.

This policy must be read, interpreted, implemented and understood against this legislative background.

4. OBJECTIVE

The objective of the Expenditure policy is to:

a) Set out a framework for Mossel Bay Municipality to deal with:
   - All expenditure related transactions;
   - Unforeseen and unavoidable expenditure;
   - Unauthorised, Irregular and Fruitless and wasteful expenditure
   - To establish and maintain procedures to ensure adherence to the Municipality's IDP review and budget processes; and

b) Ensure that all monies due by the municipality is paid in full within the 30 days of date of invoice or statement; whichever is the latest as prescribed by the Municipal Finance Management Act, 2003 (Act No.53 of 2003); and

c) Ensure that the principles applied, as a result of this policy, will enhance and support a healthy working capital position for the Mossel Bay Municipality.

5. EXPENDITURE MANAGEMENT

5.1. Withdrawals from a bank account

5.1.1. Any withdrawal from a bank account; in the name of the Mossel Bay Municipality, may only occur in terms of section 11 of the MFMA.

5.1.2. All withdrawals must comply with the Cash & Investment Policy of the Mossel Bay Municipality and shall be signed or authorised by not fewer than two people as authorised by the Accounting Officer.

5.1.3. The delegated authority to sign cheques or authorise electronic payments shall be in writing and kept on record, and be reviewed regularly by the Accounting Officer. Copies of such letters of authority will be kept by the expenditure department.

5.2. Commitments

5.2.1. A commitment by an official of the municipality may only be undertaken on behalf of a third party when the full costs are recovered in advance before commencement of the work, either specially or generally.

5.2.2. Senior Managers shall advise the CFO of the officials authorised to sign requisitions for goods and services in respect of the categories determined and approved by the municipal manager from time to time.

~~5.2.3. Specimen signatures of all officials authorised to sign requisitions shall be supplied to the CFO.~~

~~5.2.4.~~5.2.3. Supply Chain Management will keep record of all authorised officials ~~and the specimen signatures~~.

~~5.2.5.~~5.2.4. No councillor or official of the Mossel Bay Municipality shall commit the Municipality to any authorised expenditure unless the necessary Supply Chain Management processes have been followed which include the completion of an official requisition and~~or~~ order.

5.2.5. The CFO shall determine the information to be supplied on such requisition or order.

~~5.2.6.~~

5.3. Creditors

5.3.1. All money owed by the Municipality must be paid within thirty (30) days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure.

5.3.2. Payments will only be made directly to the person or institution to which a contract was awarded and from which the invoice is received for legally rendering the service to the Municipality.

5.3.3. All requests for payment, properly certified and accompanied by the relevant invoices and supporting documentation must reach the Creditors' Department at least 3 days (72 hours) before payments are due.

5.3.4. Senior Managers shall advise the CFO of the names of officials empowered to sign vouchers and authorise payment of accounts~~, together with their specimen signatures~~.

5.3.5. Invoices or statements submitted for payment to the Head Expenditure by any department shall be in such form as may be required by the CFO and must state the reference to the relevant account~~vote~~ to meet such payment.

5.3.6. Before recommendation of a supplier is made to the relevant department, the supply chain unit must ensure that: -

a) All supply chain processes are duly followed in order to avoid irregular expenditure;
b) The recommendation of the supplier is directed to the employee with the appropriate level of authority; and
~~5.3.5.~~ c) The prices, calculations and any taxes are correct in terms of the quotation or tender received;

~~5.3.6.~~5.3.7. When a department authorises the payment of accounts the signatory certifies and authorises ~~that:~~ that: -

(a) All processes in terms of the Supply Chain Management Policy of the Municipality had been followed, according to the departments knowledge;

(b) The goods and services have been received and rendered in good order and are under the control of the Municipality;

(c) The account has ~~not previously~~not previously been submitted for payment;

(d) Sufficient budgetary provisions ~~exists~~exist;

(e) If excess expenditure is involved, the resolution authorising the excess expenditure shall be quoted on the voucher;

(f) Authority for the payment exists, in which case the authority shall be indicated on the voucher; and

(g) Fruitless and wasteful expenditure has not been incurred.

~~5.3.7.~~5.3.8. Before payment is processed the Creditors Department shall ensure ~~that:~~ that: -

(a) The prices, calculations and any taxes are correct;

(b) Any discounts to which the municipality is entitled ~~to have~~to have been deducted;

(c) The account ~~has previously~~has previously not been paid; and

(d) Sufficient budgetary provisions ~~exists~~exist.

~~5.3.8.~~5.3.9. All payments due by the Municipality shall be made by cheque or approved electronic payment method drawn from the banking account of the Municipality.

~~5.3.9.~~5.3.10. Certain payments may be made from petty cash in accordance with the Supply Chain Policy as amended from time to time.

~~5.3.10.~~5.3.11. The following conditions apply in respect of all petty cash transactions:

(a) Only officials duly delegated to authorise quotations and certify invoices for payments may authorise the request for petty cash and authorise the expenditure incurred via ~~a petty cash transactions~~a petty cash transaction;
(b) Each Senior Manager is only allowed a maximum of 60 petty cash transactions per month; and
(c) No request for petty cash transactions may be lodged for items that is held as inventory in the municipal stores.

~~5.3.11.~~5.3.12. The following procedures must be followed in respect of petty cash payments:

(a) A register of numbered vouchers must be kept by the petty cash clerk;
(b) A proper voucher with full details of expenditure must be submitted;
(c) The voucher must be signed by the person making the payment, and the person that rendered the payment for purchases;
(d) All vouchers must be signed by a duly authorised official for the relevant department;
(e) A proper register as determined by the Head: Expenditure must be maintained; and
(f) Supplement to the petty cash advance made must be done on a regular basis;
(g) The following documentation must be submitted with supplement to the advances:
    i) All signed schedules and vouchers supported by the relevant invoices and vote allocations; and
    ii) A proper reconciliation to match the supplementary amount.
(h) The register must be balanced and reconciled on a weekly basis. The reconciliation must be signed by the employee compiling it, whilst the Head: Expenditure must review and sign it off as correct.

5.4. Interest on late payments

5.4.1. No interest will be payable by the Municipality on any late payments unless due to negligence on behalf of an official of the Municipality.

5.4.2. In the case that the interest charge is due to the negligence of an official the expenditure is classified as fruitless and wasteful expenditure.

5.5. Salaries, Wages and Allowances

5.5.1. The CFO shall be responsible for the calculation and payment of salaries, wages and allowances.

5.5.2. Payment shall be made in accordance with pay sheets approved by the Head Expenditure to a nominated bank account of the municipal employee or councillor.

5.5.3. The Director: Corporate Services is responsible to notify the Head Expenditure of all appointments, promotions, dismissals, resignations, transfers, absences for any reasons, and all matters affecting the emoluments of employees of the municipality.

5.5.4. The submission of such information to the Head Expenditure shall be in such form and at such dates and times as the CFO may determine from time to time.

5.5.5. The Director: Corporate Services shall be responsible for the maintenance of all records essential for the accurate determination of emoluments and leave due to employees of the municipality.

5.6. Banking details

5.6.1. Any changes to creditors' banking details will only be allowed when the following procedures have been met:

(a) The Creditor must inform the Municipality of its' banking details on an original letterhead from the specific company and approved by the relevant banking institution with their official stamp and signatures.

(b) In the case where official letterheads and documentation is not available a letter from the banking institution duly signed by both parties and official stamp will be required.

(c) Only original documentation information as set out above will be accepted for any changes to banking details.

5.6.2. Refunds in respect of other deposit accounts, excluding consumer deposits, will only be refunded to the bank account originally certified by the beneficiary at the time of payment.

5.7. Grant Expenditure

5.7.1. A proper cash flow in respect of Grant expenditure as well as Grant income related to the Grant Funding project must be drawn up by the relevant director and included in the budget.

5.7.2. No payments will be allowed in respect of projects to be financed from external grants unless grant funding has been received.

5.7.3. Council may, however, approve payments before any funds have been received but only where funds have already been committed to in writing, by the relevant state department or other institution.

5.7.4. The relevant directorate must obtain approval for bridging finance, as referred to in subparagraph 5.7.3.

5.8. Capital Expenditure

5.8.1. No capital expenditure shall be incurred or committed to any project ~~unless:-~~unless: -

(a) Duly appropriated in an approved capital budget or adjustments budget; and

(b) All necessary legislative requirements have been met as set out in the MFMA section 19, Budget and Reporting Regulations sections 11 and 13 and the Supply Chain Management Policy of the Mossel Bay Municipality

5.9. Accounting Principles

5.9.1. The CFO shall determine the format, standards and systems applicable to the accounting procedures on expenditure. In doing so cognisance must be taken of the General Recognised Accounting Practices (GRAP) guidelines issued by the Accounting Standards Board (ASB).

5.9.2. Council items related to financial matters, will not be forwarded to Council if it is not supported with the necessary comments from the CFO.

5.9.3. The CFO shall ensure that proper accounting records and registers are opened and maintained in compliance with subsection 5.9.1.

5.9.4. The CFO may prescribe the requirements for access to electronic accounting systems and shall ensure that the necessary security and password systems for this purpose are maintained.

5.9.5. Relief, charitable, trust or other funds

5.9.5.1. In terms of section 12 of the MFMA read together with section 12 of the MBRR the Municipality may not transfer any funds from the Municipality into a fund created in terms of section 12 of the MFMA.

5.9.5.2. The Municipality may incur expenditure in support of the objectives for which the funds were created, if approved in a duly approved budget.

5.9.6. Housing Development Fund & Capital Replacement Reserve

5.9.6.1. No direct expenditure may occur against these funds.

5.9.6.2. All expenditure must be included in a duly approved budget and incurred via the Supply Chain Management Policy of the Municipality.

5.9.6.4. The net effect of expenditure and revenue, with regard to the housing development fund, may be recorded in the Statement of Changes in Net Assets (SOCNA) either as contribution to the fund or a contribution from the fund if the fund is cash backed.

5.9.6.5. In the case of a capital item financed from the Capital Replacement Reserve (CRR) a contribution equal to the expenditure encountered is transferred from the CRR and recorded as such in the SOCNA.

5.9.7. Other Provisions

5.9.7.1. Expenditure incurred is only allowed as a direct allocation to any provision, where the necessary cash provision has been made in the cash flow budget of the Municipality as duly approved.

5.9.7.2. All expenditure must be incurred via the Supply Chain Management Policy of the Municipality.

6. UNFORESEEN AND UNAVIODABLE EXPENDITURE

6.1. Before the Executive Mayor considers any authorisation of unforeseeable and unavoidable expenditure in terms of section 29 of the MFMA, the Accounting Officer will ensure that a report is prepared consistent with the prescribe format in Annexure A of this policy in order for the Executive Mayor to make an informed decision.

6.2. The Executive Mayor may authorise such expenses in an emergency or other exceptional circumstances in terms of section 29 of the MFMA only if:

6.2.1. the expenditure could not have been foreseen at the time the annual budget of the Municipality was passed; and

6.2.2. the delay that will be caused pending approval of an adjustments budget by the municipal council in terms of section 28(2)(c) of the MFMA to authorise the expenditure may –

a) Result in significant financial loss for the municipality;

b) Cause a disruption or suspension, or a serious threat to the continuation of a basic municipal service;

c) Lead to loss of life or serious injury or significant damage to property; or

d) Obstruct the municipality from instituting or defending legal proceedings on an urgent basis.

6.3. The Executive Mayor may not authorise expenditure in terms of section 29 of the MFMA if the expenditure –

6.3.1. was considered by the Council, but not approved in the annual budget or an adjustments budget; or

6.3.2. is required for-

- price increases of goods or services during the financial year;
- new municipal services or functions during the financial year;
- the extension of existing municipal services or functions during the financial year;
- the appointment of personnel during the financial year;
- allocating discretionary appropriations to any vote during the financial year;
- would contravene any existing Council policy; or
- is intended to ratify irregular or fruitless and wasteful expenditure.

6.4. The authorised amount may not exceed 4 % of the approved own revenue included in the annual budget.

6.5. The authorisation must be reported by the Executive Mayor to the next Council meeting.

6.6. The Accounting Officer must ensure preparation of an adjustment to include the expenses within thirty (30) days.

6.7. The Executive Mayor must ensure that Council passed the adjustments budget within sixty (60) days after the expenses were incurred.

7. UNAUTHORISED EXPENDITURE, IRREGULAR, FRUITLESS AND WASTEFULL EXPENDITURE

7.1. All Unauthorised, Irregular, Fruitless and Wasteful Expenditure will be dealt with in terms of Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings promulgated in terms of the Local Government: Municipal Finance Management Act, No. 56 of 2003.

8. IMPLEMENTATION

8.1. The Accounting Officer, with the assistance of the CFO and other Senior Managers, are responsible for the implementation of this policy and must take reasonable steps to ensure that:

8.1.1. Funds are spent in accordance with the budget;

8.1.2. Expenditure is not allowed outside the norms and standards set by the MFMA or this policy.

8.1.3. The policy is reviewed annually as part of the review of the other budget related policies.

DOCUMENT AND VERSION CONTROL

Version: **Version 654**

Date ~~:~~ : **May 2017~~6~~65**

Summary: This document describes the Expenditure Policy that will be applicable to the Mossel Bay Municipality, with effect from

1 July 2017~~6~~64

Signature: _____ Date: 28/05/2015

Municipal Manager
(Accounting Officer)

Signature: _____ Date: 28/05/2015

Executive Mayor

ANNEXURE A

REPORT: UNFORESEEABLE AND UNAVOIDABLE EXPENDITURE

(<Reference number>)

<day month year>

REPORT TO: EXECUTIVE MAYOR

REPORT FROM director: <position of person compiling the report>

PURPOSE OF THE REPORT

The purpose of this report is to table to the Executive Mayor a request to authorize unforeseen and unavoidable expenditure.

BACKGROUND / DISCUSSION

<Provide background of why the expenditure is needed and the consequences if the expenditure is not going to be authorized>

According to the best of my knowledge the criteria set in the table below are considered in the context of the expenditure for which authorization is required.

Criteria	Tick box	
Was this expenditure foreseen at the time the annual budget of the municipality was passed?	Yes	No
If delayed, would this expenditure result in or cause:		
Significant financial loss for the municipality?	Yes	No
Disruption or suspension, or a serious threat to the continuation, of a basic municipal service?	Yes	No
Loss of life or serious injury or significant damage to property?	Yes	No
Obstruct the municipality from instituting or defending legal proceedings on an urgent basis?	Yes	No
Was this expenditure considered by the council, but not approved in the annual budget or an adjustments budget?	Yes	No
Is this expenditure required for:		
Price increases of goods or services during the financial year?	Yes	No
New municipal services or functions during the financial year?	Yes	No
The extension of existing municipal services or functions during the financial year?	Yes	No
The appointment of personnel during the financial year?	Yes	No

The allocation of discretionary appropriations to any vote during the financial year?	Yes		No
Would this expenditure result in or cause contravention any existing council policy?	Yes		No
Is the intended of this expenditure to ratify irregular or fruitless and wasteful expenditure?	Yes		No

FINANCIAL IMPLICATIONS / FINANSIëLE IMPLIKASIES

<Provide the direct as well as the indirect financial implications of the authorization of the expenditure>

RELEVANT LEGISLATION / RELEVANTE WETGEWING

In terms of section 29 of the MFMA the Executive Mayor may:

".. in emergency or other exceptional circumstances authorise unforeseeable and unavoidable expenditure for which no provision was made in an approved budget.

(2) Any such expenditure—

a) must be in accordance with any framework that may be prescribed;

b) may not exceed a prescribed percentage of the approved annual budget;

c) must be reported by the mayor to the municipal council at its next meeting; and

d) must be appropriated in an adjustments budget."

The framework is prescribed in Sect 71 of the Municipal Budget and Reporting Regulations promulgated in government gazette no.32141 dated 17 April 2009

"Authorisation of unforeseen and unavoidable expenditure

71. (1) The mayor of a municipality may authorise expenditure in terms of section 29 of the Act only if –

a) the expenditure could not have been foreseen at the time the annual budget of the municipality was passed; and

b) the delay that will be caused pending approval of an adjustments budget by the municipal council in terms of section 28(2)(c) of the Act to authorise the expenditure may -

i) result in significant financial loss for the municipality;

ii) cause a disruption or suspension, or a serious threat to the continuation, of a basic municipal service;

iii) lead to loss of life or serious injury or significant damage to property; or

iv) obstruct the municipality from instituting or defending legal proceedings on an urgent basis.

(2) The mayor of a municipality may not authorise expenditure in terms of section 29 of the Act if the expenditure –

a) was considered by the council, but not approved in the annual budget or an adjustments budget;

b) is required for-

i) price increases of goods or services during the financial year;

ii) new municipal services or functions during the financial year;

iii) the extension of existing municipal services or functions during the financial year;

iv) the appointment of personnel during the financial year; or

v) allocating discretionary appropriations to any vote during the financial year; or

c) would contravene any existing council policy; or

d) is intended to ratify irregular or fruitless and wasteful expenditure."

COMMENTS: MUNICIPAL MANAGER

COMMENTS: FINANCIAL SERVICES

COMMENTS: LEGAL SERVICES

RECOMMENDATION

DECISION TAKEN BY EXECUTIVE MAYOR BASED ON RECOMMENDATION

*Approved / Not approved

Date: ……

Signature: ….……

*Delete if not applicable